

CONSUMER: Lodging

C. Patrick Scholes

212-319-3915
Patrick.Scholes@truist.com

Gregory J. Miller

212-303-4198
Gregory.J.Miller@truist.com

Barry Jonas

212-590-0998
Barry.Jonas@truist.com

9 Page Document

Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +10.4% y/y last week, +20.8% vs. 2019.

Overall U.S. RevPAR was +10.4% y/y for the week ending 3/18/2023, per STR, down from the prior week's result of +11.1%, and below the trailing 10-week average of +19.6%. Versus 2019, RevPAR was +20.8%, up from the prior week's result of +7.8%, and above the trailing 10-week average of +10.5%. The very large triennial trade show CONEXPO-CON/AGG occurred in Las Vegas last Tuesday to Saturday which made for easy local comps versus 2019 and 2022. At the headline, easy y/y Omicron comps continue to fade.

Major RevPAR statistics presented below:

- Luxury RevPAR: +2.1% y/y and +24.3% versus 2019;
- Upper Upscale RevPAR: +14.4% y/y and +9.2% versus 2019;
- Upscale RevPAR: +13.2% y/y and +10.6% versus 2019;
- Upper Midscale RevPAR: +8.1% y/y and +17.3% versus 2019;
- Midscale RevPAR: +2.3% y/y and +17.9% versus 2019;
- Economy RevPAR: -1.6% y/y and +15.8% versus 2019;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +12.5% y/y and +35.1% versus 2019; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +36.1% y/y vs. +29.7% prior week; versus 2019: +3.7% vs +9.4% prior week.
 - Transient: +5.5% y/y vs. +6.3% prior week; versus 2019: +31.3% vs +7.6% prior week.
- Las Vegas RevPAR: +101.5% y/y and +116.9% versus 2019.
 - **As a caveat, we note that many large Strip casino hotel operators do not participate in STR's survey.**

Last week's RevPAR details and sequential trends (all comparable information on new STR methodology):

- Headline RevPAR was +10.4% y/y vs. the running 28-day average of +11.2% y/y.
- **Occupancy:** Absolute occupancy was 67.6% vs. 64.8% for the running 28-day average.
- **Absolute Group occupancy:** 20.3% last week vs. 21.7% for the running 28 days.

We see a mixed bag for demand/pricing/supply trends for the lodging companies at the moment. Similar to the past year in lodging (and many other) stocks, we see "macro over micro" at the moment. We see the main driver/wildcard coming from the economic impact from interest rates and inflation (and perhaps more importantly investor sentiment around these). While the risks from COVID are not zero (e.g. China reopening impact to the worldwide economy and outbound Chinese travel), we believe COVID issues are now secondary to macroeconomic considerations for most investors and for public company executives. We see **Hyatt (Buy)** as the relative outperformer in our lodging coverage universe for a host of reasons, including continued Caribbean/leisure outperformance and upcoming accretive asset sales. Leisure travel demand and pricing continues to show significant strength in 2023, a positive read-through for all-inclusive resorts (Buy-rated **PLYA, H**) and Vacation Ownership (Buy-rated **BVH, HGV, TNL, VAC**), and Wellness (**OSW**, Buy, Miller). While we have three Buy-rated Lodging REITS, (**PK, RLJ [Miller], RHP**), we have a neutral to cautious view on our broader Lodging REIT sector coverage, with Hold-rated **DRH, HST, PEB (Miller), and SHO**, a view driven by potential downside pressures on revenues and particularly on operating profit margins.

Weekly RevPAR Summary

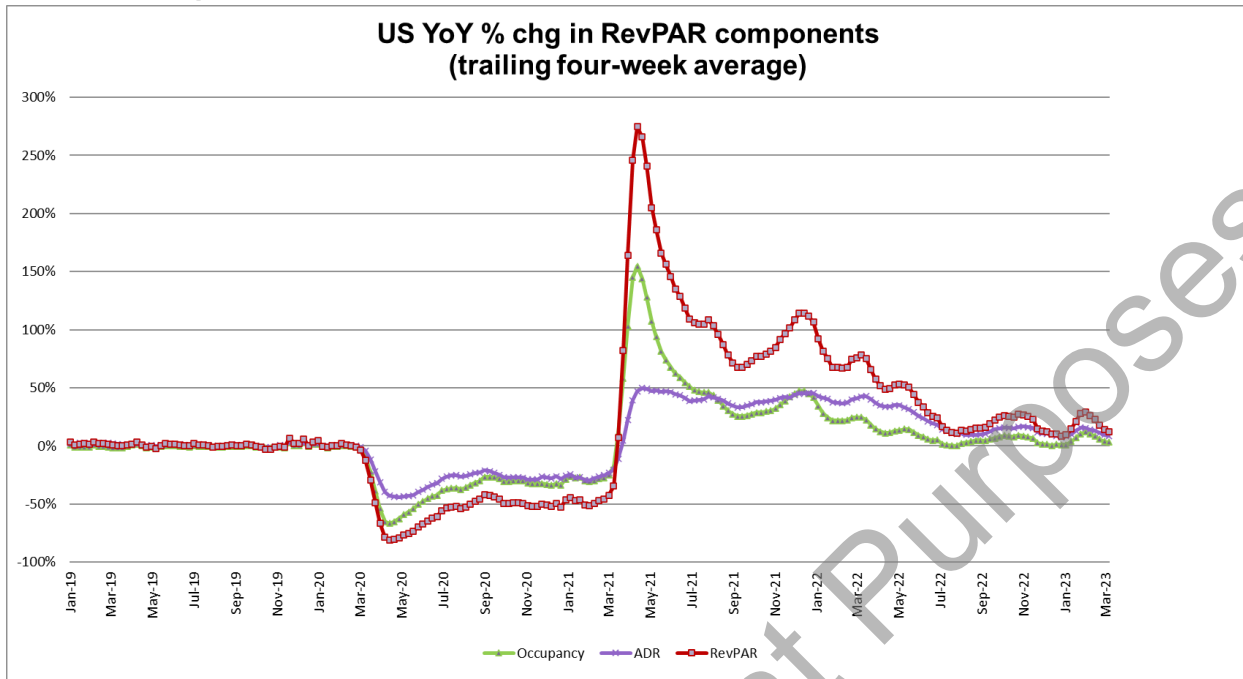
YoY % change in RevPAR														
U.S.	Upper		Upper		Inde-	Economy	pendent	New						
	Luxury	Upscale	Upscale	Midscale				Midscale	York	Boston	LA	Chicago	DC	
12/31/2022	4.2%	2.8%	5.5%	7.4%	5.3%	-0.1%	-1.9%	3.1%	65.3%	17.7%	-6.6%	12.2%	20.2%	
1/7/2023	21.8%	42.8%	33.4%	16.2%	7.4%	0.7%	0.2%	33.0%	80.5%	31.4%	32.1%	24.3%	19.3%	
1/14/2023	33.1%	68.5%	67.7%	33.3%	18.6%	8.1%	2.2%	27.4%	103.9%	48.7%	51.6%	45.3%	84.7%	
1/21/2023	26.2%	34.2%	52.1%	30.5%	18.0%	9.2%	2.3%	21.4%	100.7%	57.4%	24.0%	37.0%	55.4%	
1/28/2023	31.9%	44.4%	65.5%	36.4%	22.2%	10.2%	3.2%	23.6%	87.4%	64.4%	32.5%	43.3%	99.9%	
2/4/2023	26.6%	35.3%	49.8%	27.9%	17.2%	6.8%	2.0%	25.2%	63.0%	42.6%	28.6%	32.4%	71.2%	
2/11/2023	18.9%	16.9%	35.7%	23.3%	14.4%	5.3%	0.9%	14.1%	41.7%	36.1%	-28.4%	24.0%	73.4%	
2/18/2023	13.5%	10.1%	24.1%	16.6%	11.4%	4.2%	1.4%	10.2%	49.5%	20.1%	-4.3%	22.4%	48.8%	
2/25/2023	11.8%	6.2%	21.6%	15.9%	11.0%	4.5%	0.9%	7.5%	39.1%	21.9%	14.2%	28.8%	46.3%	
3/4/2023	12.1%	7.7%	23.3%	15.9%	9.5%	3.0%	-0.6%	8.5%	30.3%	38.0%	18.2%	20.7%	52.2%	
3/11/2023	11.1%	8.5%	19.0%	16.6%	10.1%	3.3%	-0.3%	6.3%	32.7%	39.0%	22.4%	22.2%	50.2%	
3/18/2023	10.4%	2.1%	14.4%	13.2%	8.1%	2.3%	-1.6%	12.5%	36.4%	40.4%	8.2%	11.8%	47.3%	
<div style="display: flex; justify-content: space-between;"> <div>Holiday shift vs. 2019, easy y/y Omicron comps continue to fade</div> <div>Upper Upscale and Upscale led the industry</div> <div>DC and Boston led the Top 5 markets</div> </div>														
1Q19	1.5%	-0.7%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%	
2Q19	1.1%	1.1%	0.5%	-0.4%	0.0%	-0.7%	1.7%	2.4%	-1.8%	4.5%	1.6%	-0.1%	-1.5%	
3Q19	0.7%	1.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%	-2.2%	-0.4%	-0.2%	-2.2%	4.5%	
4Q19	0.7%	3.6%	1.0%	-0.6%	-1.0%	-2.7%	-1.5%	2.3%	-4.1%	-11.6%	1.1%	-0.7%	5.2%	
1Q22	67.2%	112.3%	127.2%	69.7%	51.0%	38.2%	24.3%	58.3%	97.1%	137.1%	115.2%	85.1%	58.1%	
2Q22	38.8%	70.2%	82.9%	46.8%	26.2%	15.4%	8.8%	27.7%	141.2%	172.1%	51.0%	109.5%	145.7%	
3Q22	16.6%	27.7%	36.6%	22.5%	10.8%	3.5%	0.0%	11.3%	67.4%	59.9%	21.4%	48.1%	54.6%	
4Q22	16.3%	19.7%	30.1%	20.5%	11.7%	5.1%	1.4%	12.3%	50.8%	35.8%	11.4%	37.3%	53.2%	

YoY % change in ADR														
U.S.	Upper		Upper		Inde-	Economy	pendent	New						
	Luxury	Upscale	Upscale	Midscale				Midscale	York	Boston	LA	Chicago	DC	
12/31/2022	4.4%	0.1%	1.9%	7.0%	4.2%	3.4%	2.1%	3.8%	26.5%	11.0%	-1.8%	5.0%	10.4%	
1/7/2023	17.2%	8.9%	12.2%	11.5%	7.0%	5.8%	4.3%	25.2%	22.7%	17.0%	21.6%	11.8%	16.1%	
1/14/2023	17.9%	8.3%	17.1%	12.2%	8.1%	6.6%	4.1%	18.1%	23.1%	18.9%	29.9%	15.7%	26.8%	
1/21/2023	13.1%	-2.8%	11.2%	11.7%	7.7%	6.2%	4.0%	13.1%	22.7%	20.3%	11.4%	13.1%	22.2%	
1/28/2023	15.9%	-1.0%	14.9%	14.3%	9.8%	7.2%	4.6%	14.3%	18.2%	25.3%	12.7%	15.6%	30.7%	
2/4/2023	15.1%	-1.4%	12.7%	13.0%	9.0%	5.7%	4.7%	16.7%	12.6%	18.8%	14.0%	13.0%	27.1%	
2/11/2023	11.9%	-3.4%	9.6%	13.0%	9.6%	5.9%	4.3%	10.7%	8.5%	15.3%	-28.2%	10.9%	28.3%	
2/18/2023	10.0%	-2.4%	9.2%	12.1%	9.3%	5.3%	4.3%	8.3%	14.1%	10.7%	-7.0%	10.3%	22.7%	
2/25/2023	7.9%	-2.1%	7.4%	10.1%	7.5%	4.1%	3.4%	6.3%	10.3%	12.2%	7.3%	10.8%	19.1%	
3/4/2023	8.9%	0.0%	7.6%	9.9%	7.1%	3.9%	3.7%	8.3%	10.5%	15.9%	8.1%	10.7%	23.2%	
3/11/2023	8.1%	0.4%	7.3%	10.5%	7.1%	3.5%	3.6%	6.2%	14.2%	18.6%	13.4%	11.2%	23.4%	
3/18/2023	8.9%	-2.6%	7.2%	9.4%	6.4%	3.3%	3.1%	12.8%	20.0%	19.2%	5.2%	7.5%	25.5%	
1Q19	1.1%	2.2%	2.5%	1.0%	0.8%	-0.2%	-0.3%	1.0%	-3.8%	0.7%	-1.0%	-2.4%	1.5%	
2Q19	1.2%	2.5%	1.4%	0.6%	0.7%	-0.2%	0.6%	1.7%	-1.0%	3.2%	0.8%	-1.7%	0.2%	
3Q19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.5%	1.6%	-1.9%	0.9%	-0.2%	-2.8%	4.0%	
4Q19	0.7%	2.4%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-3.7%	-5.5%	0.3%	-2.2%	3.9%	
1Q22	37.5%	21.0%	39.7%	34.1%	27.3%	20.8%	17.3%	34.0%	52.2%	50.5%	61.8%	41.1%	31.7%	
2Q22	26.2%	14.3%	29.0%	27.1%	18.9%	14.8%	11.8%	20.5%	69.0%	73.6%	32.9%	53.6%	60.6%	
3Q22	11.6%	6.7%	12.6%	13.3%	7.6%	5.9%	4.2%	8.9%	32.6%	30.0%	14.6%	25.4%	25.5%	
4Q22	12.0%	6.5%	12.6%	13.7%	8.7%	6.2%	4.5%	10.2%	28.0%	20.5%	8.4%	20.2%	27.9%	

YoY % change in Occupancy														
U.S.	Upper		Upper		Inde-	Economy	pendent	New						
	Luxury	Upscale	Upscale	Midscale				Midscale	York	Boston	LA	Chicago	DC	
12/31/2022	-0.2%	2.7%	3.5%	0.4%	1.0%	-3.5%	-3.9%	-0.7%	30.6%	6.0%	-4.8%	6.8%	8.9%	
1/7/2023	3.9%	31.2%	18.9%	4.1%	0.4%	-4.8%	-4.0%	6.2%	47.1%	12.3%	8.6%	11.2%	2.7%	
1/14/2023	12.9%	55.5%	43.2%	18.8%	9.7%	1.5%	-1.9%	7.9%	65.7%	25.1%	16.7%	25.6%	45.6%	
1/21/2023	11.6%	38.1%	36.7%	16.9%	9.5%	2.8%	-1.6%	7.3%	63.5%	30.8%	11.3%	21.2%	27.2%	
1/28/2023	13.7%	45.8%	44.0%	19.3%	11.3%	2.7%	-1.3%	8.1%	58.6%	31.2%	17.6%	23.9%	52.9%	
2/4/2023	10.0%	37.1%	32.9%	13.2%	7.5%	1.0%	-2.5%	7.2%	44.8%	20.0%	12.8%	17.1%	34.8%	
2/11/2023	6.2%	21.1%	23.9%	9.0%	4.4%	-0.6%	-3.3%	3.1%	30.5%	18.1%	-0.3%	11.8%	35.2%	
2/18/2023	3.2%	12.9%	13.6%	4.0%	1.9%	-1.0%	-2.8%	1.7%	31.0%	8.4%	2.9%	11.0%	21.3%	
2/25/2023	3.6%	8.4%	13.2%	5.3%	3.2%	0.3%	-2.4%	1.1%	26.1%	8.7%	6.4%	16.2%	22.9%	
3/4/2023	3.0%	7.7%	14.6%	5.5%	2.3%	-0.8%	-4.1%	0.2%	17.9%	19.0%	9.3%	9.0%	23.6%	
3/11/2023	2.8%	8.2%	11.0%	5.4%	2.8%	-0.1%	-3.8%	0.1%	16.2%	17.2%	7.9%	9.9%	21.8%	
3/18/2023	1.3%	4.8%	6.8%	3.4%	1.6%	-0.9%	-4.5%	-0.3%	13.6%	17.8%	2.8%	4.0%	17.3%	
1Q19	0.4%	-2.8%	-1.3%	-1.4%	-0.5%	0.0%	2.3%	2.1%	-3.5%	-2.8%	-0.7%	-2.2%	-3.8%	
2Q19	-0.1%	-1.4%	-0.9%	-1.0%	-0.7%	-0.6%	1.1%	0.7%	-0.7%	1.3%	0.8%	1.7%	-1.7%	
3Q19	-0.1%	-0.2%	-0.2%	-0.7%	0.0%	-0.5%	-0.4%	0.0%	-0.3%	-1.4%	0.1%	0.6%	0.4%	
4Q19	-0.1%	1.2%	0.4%	-0.2%	-0.8%	-1.7%	-0.4%	0.4%	-0.4%	-6.5%	0.8%	1.5%	1.3%	
1Q22	56.2%	54.0%	53.2%	60.3%	59.4%	52.3%	55.5%	54.2%	29.5%	57.6%	33.0%	31.2%	20.1%	
2Q22	10.0%	48.8%	41.8%	15.5%	6.2%	0.5%	-2.6%	5.9%	42.7%	56.7%	13.7%	36.3%	53.0%	
3Q22	4.5%	19.7%	21.3%	8.1%	2.9%	-2.3%	-4.0%	2.2%	26.3%	23.0%	5.9%	18.1%	23.2%	
4Q22	3.8%	12.4%	15.5%	6.0%	2.7%	-1.1%	-2.9%	1.9%	17.8%	12.7%	7.6%	14.2%	19.8%	

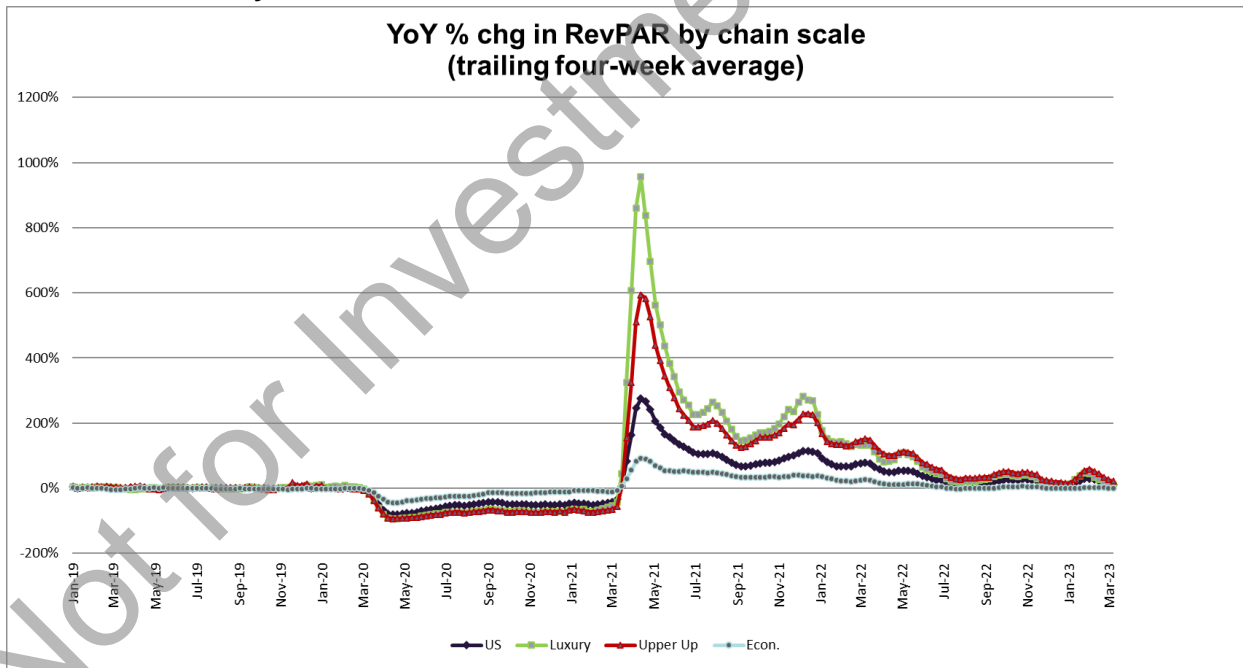
Source: STR data, Truist Securities research

RevPAR Component Trends



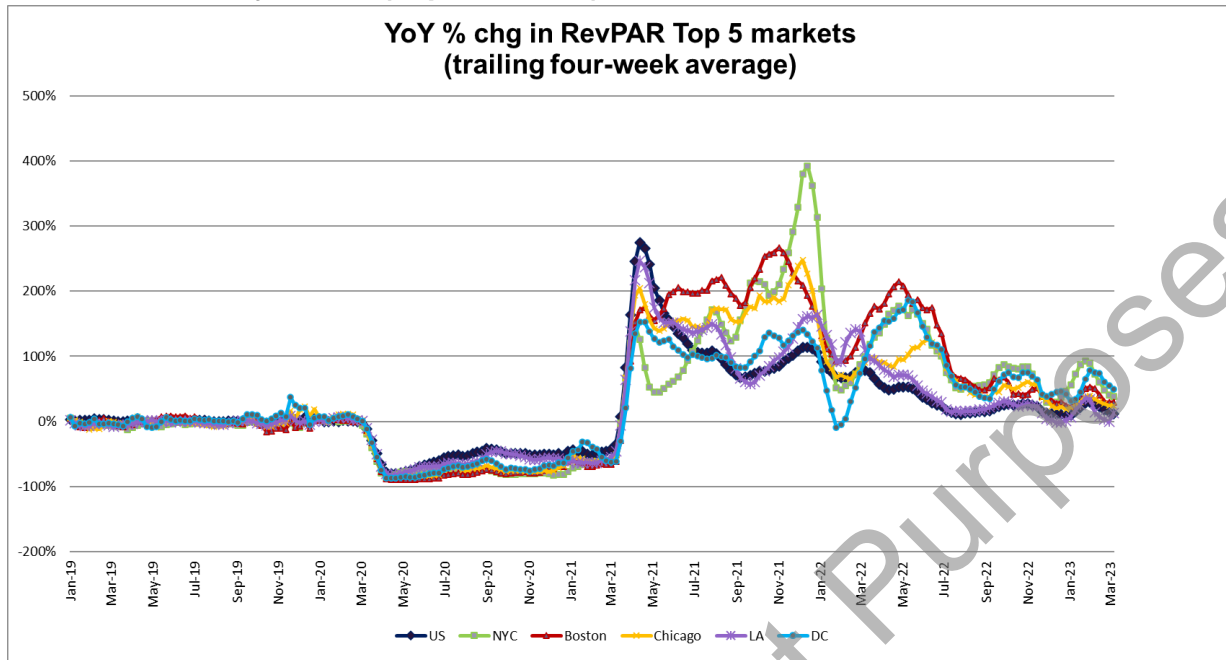
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



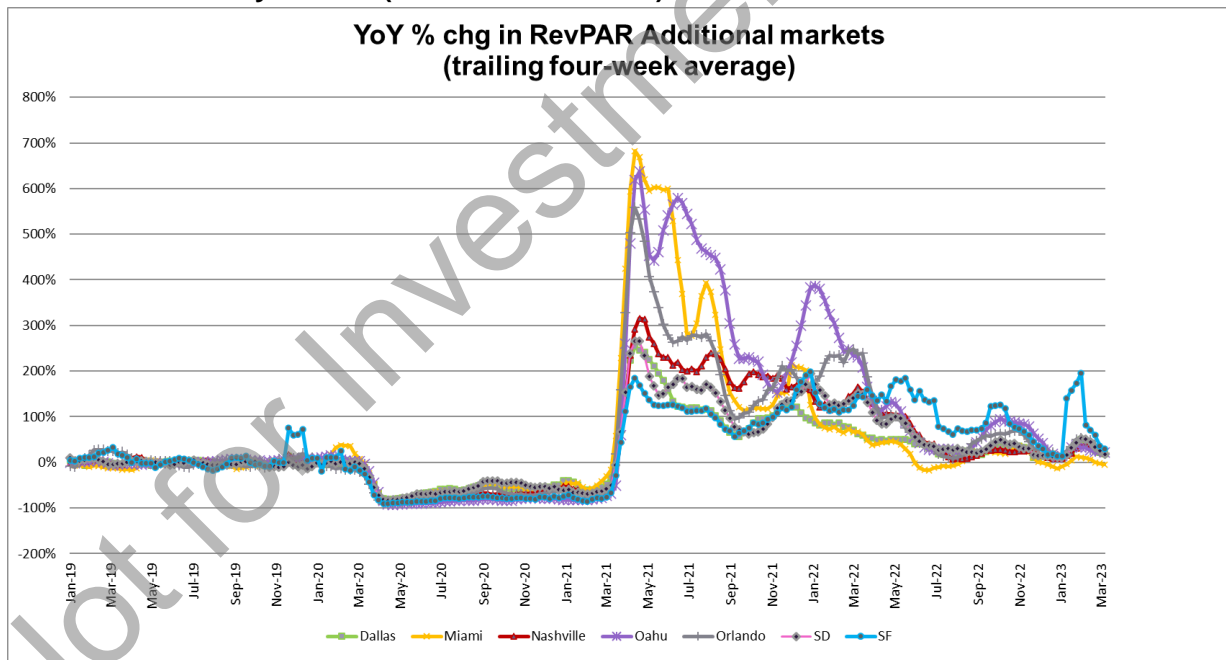
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



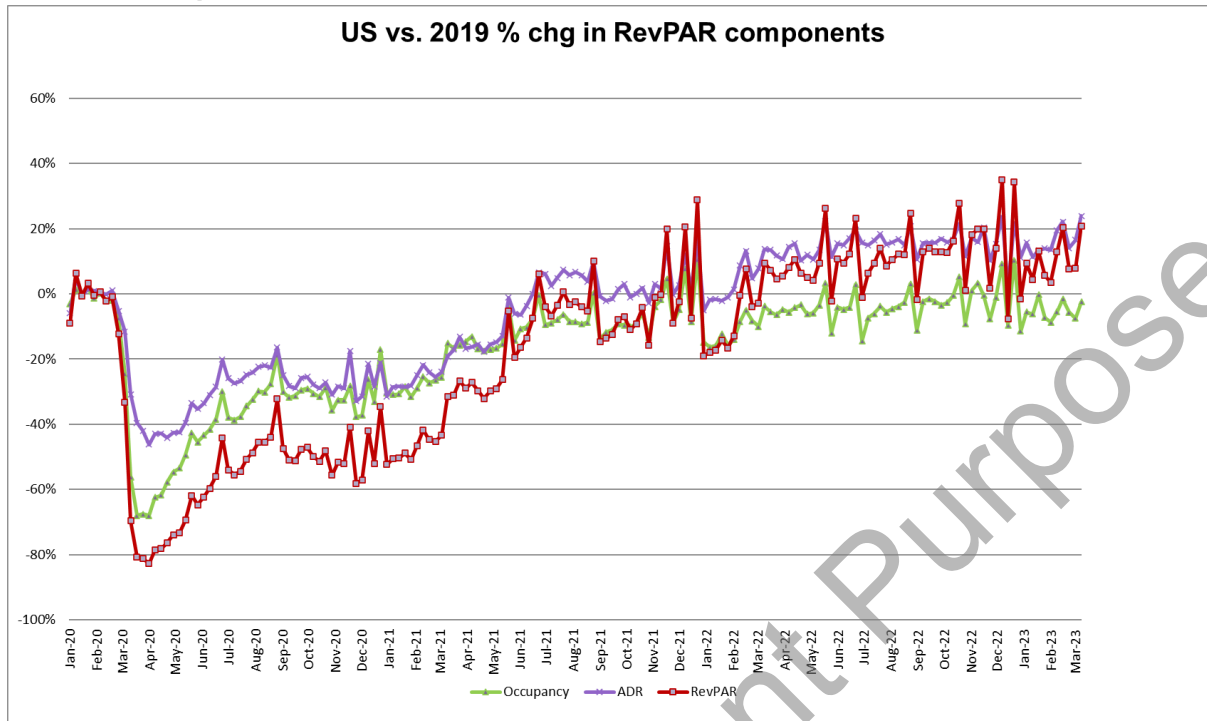
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



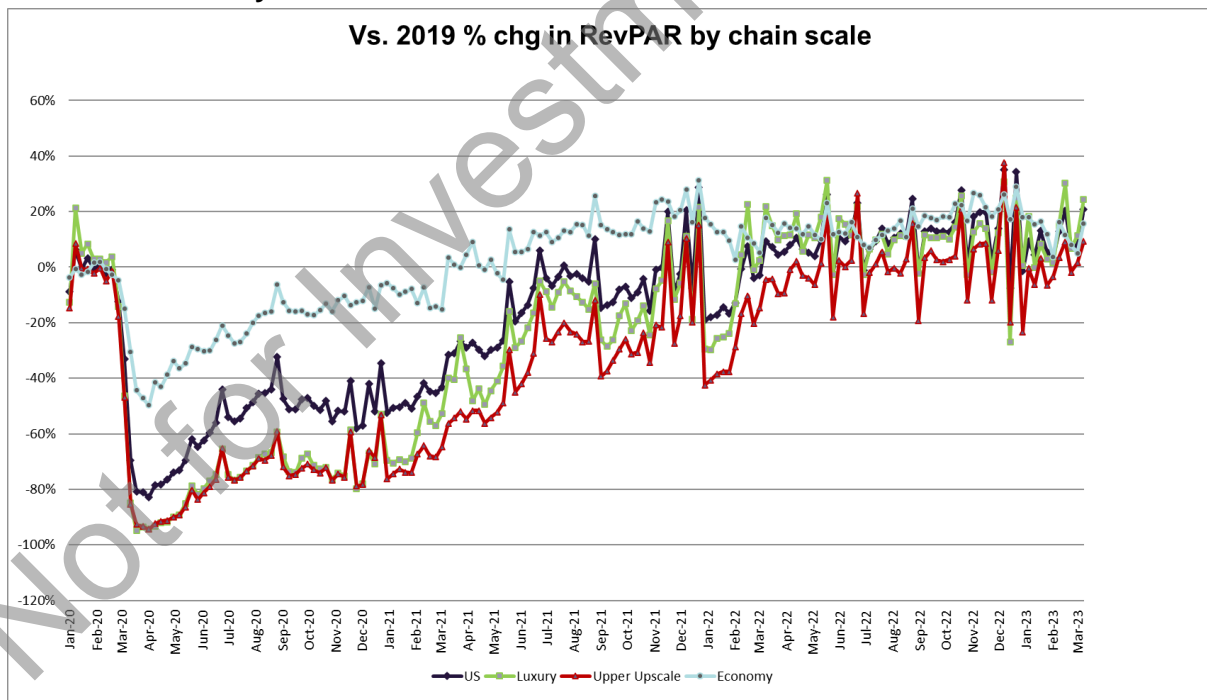
Source: STR data, Truist Securities research

RevPAR Component Trends



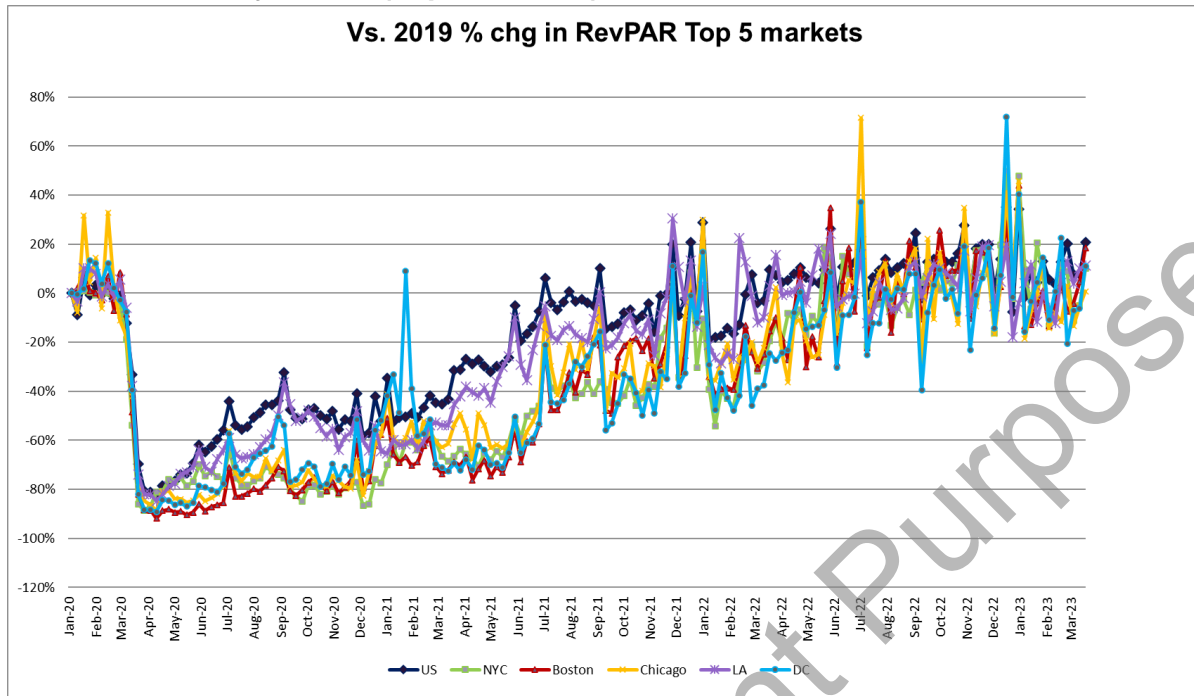
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



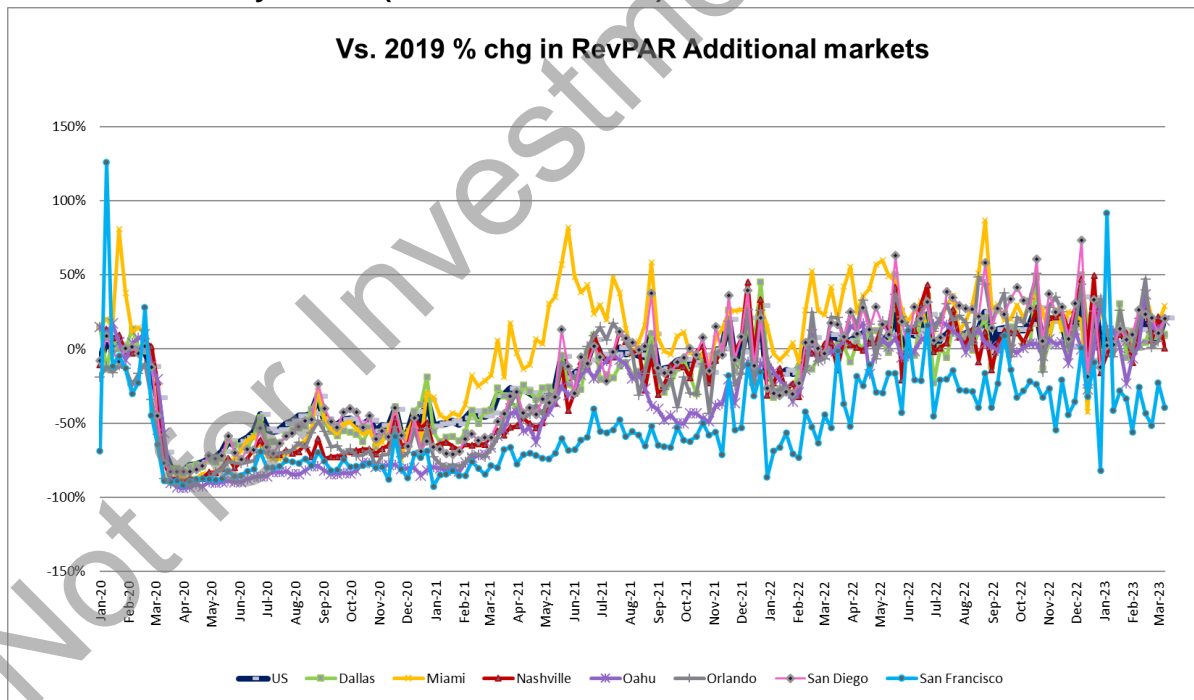
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



Source: STR data, Truist Securities research

Companies Mentioned in This Note

Bluegreen Vacations Holding Corporation (BVH, \$26.74, Buy, C. Patrick Scholes)
The Walt Disney Company (DIS, \$96.54, Buy, Matthew Thornton)
DiamondRock Hospitality Company (DRH, \$7.99, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$111.71, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$44.27, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$15.85, Hold, C. Patrick Scholes)
OneSpaWorld Holdings Limited (OSW, \$11.45, Buy, Gregory Miller)
Pebblebrook Hotel Trust (PEB, \$13.67, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$12.03, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$8.97, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$86.37, Buy, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$10.29, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$9.56, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$38.97, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$136.46, Buy, C. Patrick Scholes)

Analyst Certification

I, C. Patrick Scholes, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

I, Gregory J. Miller, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Required Disclosures

Analyst compensation is based upon stock price performance, quality of analysis, communication skills, and the overall revenue and profitability of the firm, including investment banking revenue.

As a matter of policy and practice, the firm prohibits the offering of favorable research, a specific research rating or a specific target price as consideration or inducement for the receipt of business or compensation. In addition, associated persons preparing research reports are prohibited from owning securities in the subject companies.

Charts indicating changes in ratings can be found in recent notes and/or reports at our website or by contacting Truist Securities. Please see our disclosures page for more complete information at <https://truist.bluematrix.com/sellside/Disclosures.action>

Truist Securities Ratings System for Equity Securities

Dissemination of Research

Truist Securities, Inc. ("Truist Securities") seeks to make all reasonable efforts to provide research reports simultaneously to all eligible clients. Reports are available as published in the restricted access area of our website to all eligible clients who have requested a password. Institutional investors, corporates, and members of the Press may also receive our research via third party vendors including: Thomson Reuters, Bloomberg, FactSet, and S&P Capital IQ. Additional distribution may be done by sales personnel via email, fax, or other electronic means, or regular mail.

For access to third party vendors or our Research website: <https://truistresearch.bluematrix.com/client/library.jsp>

Please email the Research Department at EquityResearchDepartment@truist.com or contact your Truist Securities sales representative.

Truist Securities Rating System for Equity Securities

Truist Securities, Inc. ("Truist Securities") rates individual equities using a three-tiered system. Each stock is rated relative to the broader market (generally the S&P 500) over the next 12-18 months (unless otherwise indicated).

Buy (B) – the stock's total return is expected to outperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Hold (H) – the stock's total return is expected to perform in line with the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Sell (S) – the stock's total return is expected to underperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Not Rated (NR) – Truist Securities does not have an investment rating or opinion on the stock

Coverage Suspended (CS) – indicates that Truist Securities’ rating and/or target price have been temporarily suspended due to applicable regulations and/or Truist Securities Management discretion. The previously published rating and target price should not be relied upon.

Truist Securities analysts have a price target on the stocks that they cover, unless otherwise indicated. The price target represents that analyst's expectation of where the stock will trade in the next 12-18 months (unless otherwise indicated). If an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of Truist Securities Research Management not to assign a target price; likewise certain stocks that trade under \$5 may exhibit volatility whereby assigning a price target would be unhelpful to making an investment decision. As such, with Research Management’s approval, an analyst may refrain from assigning a target to a sub-\$5 stock.

Legend for Rating and Price Target History Charts:

- B = Buy
- H = Hold
- S = Sell
- D = Drop Coverage
- CS = Coverage Suspended
- NR = Not Rated
- I = Initiate Coverage
- T = Transfer Coverage

Truist Securities ratings distribution (as of 03/22/2023):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	460	64.88%	Buy	72	15.65%
Hold	245	34.56%	Hold	34	13.88%
Sell	4	0.56%	Sell	1	25.00%

Other Disclosures

Information contained herein has been derived from sources believed to be reliable but is not guaranteed as to accuracy and does not purport to be a complete analysis of the security, company or industry involved. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any security. Truist Securities, Inc. and/or its officers or employees may have positions in any securities, options, rights or warrants. The firm and/or associated persons may sell to or buy from customers on a principal basis. Investors may be prohibited in certain states from purchasing some over the-counter securities mentioned herein. Opinions expressed are subject to change without notice.

Truist Securities, Inc.’s research is primarily provided to and intended for use by Institutional Accounts as defined in FINRA Rule 4512(c). The term “Institutional Account” shall mean the account of: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million. In addition, certain affiliates of Truist Securities, Inc., including Truist Investment Services, Inc. (an SEC registered broker-dealer and a member of FINRA, SIPC) and Truist Advisory Services, Inc. (an investment adviser registered with the SEC), may make Truist Securities, Inc. research available, upon request, to certain of their clients from time to time.

Truist Securities, Inc. is a registered broker-dealer and a member of FINRA and SIPC. It is a service mark of Truist Financial Corporation. Truist Securities, Inc. is owned by Truist Financial Corporation and affiliated with Truist Investment Services, Inc. Despite this affiliation, securities recommended, offered, sold by, or held at Truist Securities, Inc. or Truist Investment Services, Inc. (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Truist Bank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Truist Bank may have a lending relationship with companies mentioned herein.

Please see our Disclosure Database to search by ticker or company name for the current required disclosures, including valuation and risks. Link: <https://truist.bluematrix.com/sellside/Disclosures.action>

Please visit the Truist Securities equity research library for current reports and the analyst roster with contact information. Link: <https://truistresearch.bluematrix.com/client/library.jsp>

Truist Securities, Inc., member FINRA and SIPC. Truist, Truist Bank, Truist Securities, Truist Investment Services, and Truist Advisory Services are service marks of Truist Financial Corporation.

If you no longer wish to receive this type of communication, please request removal by sending an email to EquityResearchDepartment@truist.com

© Truist Securities, Inc. 2023. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

ADDITIONAL INFORMATION IS AVAILABLE at our website, [TruistSecurities.com](https://www.truist.com), or by writing to: Truist Securities, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070

Not for Investment Purposes